

Worksession

Agenda Item #	6
Meeting Date	October 4, 2004
Prepared By	Ivy Thompson, Community Development Specialist
Approved By	Barbara B. Matthews City Manager

Discussion Item	Community Legacy Grant Proposal
Background	<p>Community Legacy is an ongoing program that will provide \$10 million in fiscal year 2004 in financial assistance to help existing communities. Funds can be used to develop comprehensive revitalization plans and implement projects targeted at reducing sprawl and enhancing community life for businesses and residents.</p> <p>The State of Maryland recently announced that it is accepting applications for the 2005 Community Legacy program. Given that the State's funding priorities this year include condominium conversions, HCD staff is recommending the submission of an application for funds to supplement the City's Capacity Building program.</p> <p>As proposed, \$100,000 in Community Legacy funds would be requested to offset the predevelopment costs incurred by tenants pursuing the purchase of their rental facility. Such costs typically include inspection and engineering services, surveying, and attorney fees which, depending upon the size of the facility, can be as much as \$30,000. The \$25,000 included in the FY05 City Priorities Budget for the creation of a revolving loan fund for this purpose would be used as a match for the requested Community Legacy funds.</p> <p>Applications are due October 6. The Council must, as part of the application process, pass a resolution of support for the project. The resolution must be submitted by November 1 for the application to be considered. Awards are scheduled to be announced at the Governor's Housing Conference in Baltimore on November 16.</p>
Policy	<p>The Council approves proposal submissions that significantly impact the City budget. Community Legacy proposal furthers the City's efforts to establish "a loan fund in support of continuing efforts of Capacity Builder Initiative."</p> <p style="text-align: right;"><i>City Priorities FY05</i></p>
Fiscal Impact	Community Legacy funds, originally offered as grants, must be repaid though the State has indicated the repayment schedule can be structured in a variety of ways.

Fiscal Impact continued	<p>The following loan structure is proposed.</p> <p>In the event the tenants are successful in their efforts to acquire the rental facility, the funds used for predevelopment costs would be repaid over a period of not more than six years. No interest would be assessed. The State considers this “take-out financing.”</p> <p>Staff further proposes that, if the tenants are unable to acquire the property, the funds used to pay for necessary studies and other predevelopment expenses, be “forgiven” by the State. The loan, as proposed, would not have to be repaid in this scenario.</p> <p>Preliminary Budget:</p> <table><tr><td>Revenues</td><td>\$100,000</td><td>Community Legacy Funds (proposed)</td></tr><tr><td></td><td><u>\$ 25,000</u></td><td>FY05 City Priorities Fund (approved)</td></tr><tr><td></td><td>\$125,000</td><td>Total Project Costs</td></tr><tr><td colspan="3"> </td></tr><tr><td>Revenues</td><td><u>\$125,000</u></td><td>Predevelopment Costs (3-4 Properties)</td></tr><tr><td></td><td>\$125,000</td><td>Total Project Costs</td></tr></table>	Revenues	\$100,000	Community Legacy Funds (proposed)		<u>\$ 25,000</u>	FY05 City Priorities Fund (approved)		\$125,000	Total Project Costs				Revenues	<u>\$125,000</u>	Predevelopment Costs (3-4 Properties)		\$125,000	Total Project Costs
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Attachments	None																		
Recommendation	Discuss and provide staff with input.																		
Special Consideration																			